

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION  
Division of Telecommunications

In the Matter of

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)

CC Docket No. 97-181

Defining Primary Lines

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**REPLY COMMENTS OF AT&T CORP.**

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**REPLY COMMENTS OF AT&T CORP.**

Pursuant to paragraph 36 of the Commission's Notice of Proposed Rulemaking ("NPRM") in the above-captioned docket, released September 4, 1997, AT&T Corp. ("AT&T") hereby submits its reply comments concerning the definition of primary lines for the purpose of determining the level of subscriber line charges ("SLCs") and presubscribed interexchange carrier charges ("PICCs").

In fashioning a definition of primary lines, the Commission should follow Sprint's apt advice: "keep it simple." Sprint at 3. Indeed, as Sprint suggests, the Commission should eliminate the need for such definitions altogether by doing away with the distinction between primary and non-primary lines. Sprint at 1-3. If the Commission retains the distinction, however, the Commission should define primary residential line as the first line into a service location. The Commission should amend the existing definition of "single-line business" to incorporate USTA's proposed modification, provided that the potential practical problems with USTA's proposal can be adequately addressed.

**I. THE COMMISSION SHOULD ELIMINATE THE DISTINCTION BETWEEN PRIMARY AND NON-PRIMARY LINES, OR, IN THE ALTERNATIVE, IT SHOULD DEFINE PRIMARY RESIDENTIAL LINE AS THE FIRST LINE AT A SERVICE LOCATION.**

As an initial matter, AT&T fully agrees with Sprint that the Commission should have taken "the direct approach to the recovery of non-traffic-sensitive costs, and recover[ed] all such costs directly from end-users through cost-based SLCs." Sprint at 1.<sup>1</sup> Moreover, as Sprint notes, the Commission's decision to create PICCs, and to permit differing SLCs and PICCs depending on whether a residential line is designated a "primary" or "secondary" line, have unnecessarily created the need for new, costly administrative processes to identify such lines and to assess the appropriate charges. AT&T shares Sprint's concern, depending on the method selected, that the industry may not be able to implement these new requirements by January 1, 1998. Therefore, AT&T agrees that the Commission should simply "dispense with its attempt to differentiate between primary and non-primary residential lines altogether." Sprint at 2.<sup>2</sup>

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<sup>1</sup> Indeed, if access charges were based on forward-looking economic cost, any SLC increases resulting from such a system would have been very modest in most of the country.

<sup>2</sup> Sprint's alternative solution would be infinitely better: "the Commission should set the residential SLC and PICC at levels that represent the weighted average of the primary and non-primary line charges that the Commission contemplated in its Access Reform docket." *Id.* As Sprint points out, the resulting increase in the SLC for residential and single-line business customers would be quite small (only about 50 cents, less than what the SLC would be today had it been adjusted annually for inflation), and the PICC increase would be only about seven cents.

Nonetheless, if the Commission retains the distinction between primary and non-primary residential lines, it should define the primary residential line as the first line into a service location (such as a single-family dwelling or dwelling unit in a multi-unit dwelling). *See* U S WEST at 3-5; Ameritech at 3-8. As Ameritech notes, this solution would be easy to administer, because telephone company records already identify the first and subsequent lines into each service location. Ameritech at 6. This approach would also eliminate the need for exchanges of information between the incumbent and CLECs offering service through total service resale: the primary line would always be the earliest line installed, whether a CLEC line or the incumbent's line, and that information could also be determined from the incumbent's existing records.<sup>3</sup> *See* Ameritech at 7. The service location approach would also relieve incumbent LECs of having to make intrusive determinations such as whether multiple households lived in one residence (*see* NPRM, ¶ 6), because the living arrangements within a residence would be irrelevant.

Equally important, there would be no need for a burdensome (and likely ineffectual) self-certification process if the service location approach is adopted. Indeed, the commenters are virtually unanimous in their opposition to a customer self-certification process.<sup>4</sup> Self-certification would be costly, and, as carriers that have experience with such certification

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<sup>3</sup> In the event that two lines are installed simultaneously, the incumbent LEC should randomly assign which line is primary.

<sup>4</sup> Ameritech at 3-5; Bell Atlantic at 4-5; BellSouth at 8; NYSTA at 4-5; RTC at 6; SBC at 7-9; USTA at 7-8; U S WEST at 4. *See also* GTE at 5-6.

measures attest, they are unduly susceptible to abuse. U S WEST at 4. Moreover, as the Commission itself notes, self-certification could raise serious privacy concerns by forcing customers to reveal the details of their living arrangements, *see* NPRM, ¶ 16; those concerns would be avoided with the adoption of the service location approach.

The service location approach would also simplify other aspects of administering the primary line definition. For example, this approach would eliminate the need for customer disclosure of the type proposed in paragraph 22 of the NPRM, which is likely to create more confusion than it removes. The auditing process would also be greatly simplified (*see* NPRM at ¶ 18): not only would it rely on existing information, but the "bright-line" nature of the determination would reduce potential disputes.<sup>5</sup>

Finally, the importance of implementing the primary line definition by January 1, 1998, cannot be overstated. Ameritech clearly states it can implement the service location approach by that date. Ameritech at 4 n.9. And U S WEST has not indicated that it will require any delay in implementing this proposal. Nothing in the record suggests that other incumbents would not also be able to implement this approach by that date. The Commission should therefore adopt the service location approach, and in order to provide appropriate incentives for incumbents to complete the implementation process, incumbent LECs should be precluded from charging the higher non-primary SLCs and PICCs until the necessary processes are in

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<sup>5</sup> At the same time, the ILEC must advise the IXC on a line-specific basis whether a line presubscribed to it may be non-primary so that the IXC can ensure that it is being billed the proper PICC by the ILEC, pass on the charge to the end user if it so elects, and request true-up for disconnected accounts. *See, e.g.,* MCI at 9-10.

place, with all charges subject to an accounting order that would preserve the Commission's ability to order refunds to the extent that an incumbent LEC's failure to implement the distinction forced usage-sensitive carrier access charges to be higher than they otherwise would be.<sup>6</sup>

**II. THE COMMISSION SHOULD MODIFY THE DEFINITION OF SINGLE-LINE BUSINESS AS SUGGESTED BY USTA, PROVIDED THE PRACTICAL PROBLEMS WITH USTA'S PROPOSAL CAN BE ADDRESSED.**

The Commission also seeks comment on whether it "should revise its rules or policies to ensure the correct SLCs and PICCs are assessed" on single-line and multi-line businesses. NPRM, ¶ 5. The existing rule (47 C.F.R. § 69.104(h)) defines a single-line business line as one where "the subscriber pays a rate that is not described as a residential rate in the local exchange service tariff and does not obtain more than one such line from a particular telephone company."

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<sup>6</sup> If the Commission nevertheless decides not to adopt the service location approach, it should define primary lines on the basis of billing accounts. *See* Bell Atlantic at 2-4; BellSouth at 6-7; SBC at 6-7; USTA at 5-7. The billing account approach would have many of the same advantages as the service location approach, namely, administrative simplicity and low cost, avoidance of privacy concerns, and simplicity of auditing. AT&T agrees with other commenters, however, that this approach would create incentives to establish additional billing accounts, which is relatively easy to do, and therefore this approach is likely to increase substantially the number of primary lines over what would otherwise have been the case, which in turn could substantially undermine the Commission's access charge restructuring regime by minimizing or virtually eliminating the new flat rate charges intended to recover NTS costs. *See, e.g.,* U S WEST at 5.

In principle, AT&T agrees with USTA that the Commission should clarify that when resellers provide an additional line to a business that already has a business line, the incumbent would collect from that reseller the multi-line business charge, and AT&T accepts the language that USTA has proposed. *See* USTA at 5.<sup>7</sup> Nonetheless, USTA's comments do not address a number of practical problems with that approach, and therefore AT&T cannot fully endorse USTA's proposal at this time. Specifically, USTA's proposal may involve cumbersome, and continuous, exchanges of customer information between the reseller and the incumbent, and if so, the proposed modification would be unworkable. Similarly, it is unclear whether the incumbent LECs could fully implement this proposal by January 1, 1998, and the incremental benefits of USTA's proposal should not outweigh the need for prompt implementation of the single-line/multi-line business distinction. Unless the record in this proceeding permits the Commission to conclude that USTA's proposal can be implemented in a timely manner and without the need for cumbersome exchange of information between the reseller and the incumbent, it should retain the existing definition of single-line business in § 69.104(h).

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<sup>7</sup> USTA recommends the addition of the following language (although to 47 C.F.R. § 69.152(i) rather than to § 69.104(h)):

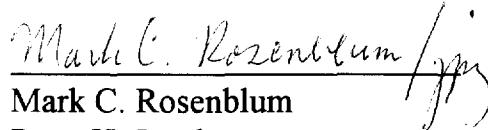
"When an incumbent local exchange carrier provides a business line to another carrier so that the other carrier may resell that business line to a business that already receives a single business line, the incumbent local exchange carrier may collect the Multi-line business charge described in (b)(3) from the reseller carrier. When such resale takes place, all lines provided to the business customer shall be considered Multi-line business lines for purposes of application of the SLC."



## CONCLUSION

To the extent and for the reasons discussed above, the Commission should: (1) either eliminate the distinction between primary and non-primary residential lines or adopt a definition of primary residential lines based on service location, and (2) amend the definition of single-line business lines as suggested by USTA provided that proposal can be readily implemented.

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Rural Telephone Coalition (NRTA, NTCA, OPASTCO)  
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**CERTIFICATE OF SERVICE**

I, James P. Young, do hereby certify that on this 9<sup>th</sup> day of October, 1997, a copy of the foregoing Reply Comments of AT&T Corp. was served by U.S. first class mail, postage prepaid, to the parties listed on the attached Service List.

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